

MAYOR & COUNCIL AGENDA COVER SHEET

MEETING DATE:

April 19, 2004

CALL TO PODIUM:

Harold Belton

RESPONSIBLE STAFF:

Harold Belton, Director Finance
and Administration

AGENDA ITEM:

(please check one)

	Presentation
	Proclamation/Certificate
	Appointment
	Public Hearing
	Historic District
	Consent Item
	Ordinance
	Resolution
	Policy Discussion
	Work Session Discussion Item
X	Other: Notification of Public Hearing

PUBLIC HEARING HISTORY:

(Please complete this section if agenda item
is a public hearing)

Introduced	04/19/04
Advertised	04/14/04
Hearing Date	
Record Held Open	
Policy Discussion	

TITLE:

Notification of a Public Hearing to Establish a Constant Yield
Tax Rate for the City of Gaithersburg for Tax Year Beginning
July 1, 2004

SUPPORTING BACKGROUND:

In order to comply with state law, a public hearing is required
if the tax rate proposed for the fiscal year exceeds the
Constant Yield Tax Rate.

In accordance with state law, as the City's assessable tax
base increases, causing the amount of revenue from year to
year to increase, the City must hold a public hearing to inform
citizens of that increase. As projected by the State
Department of Assessments and Taxation, the City's
assessable base will increase by 6.5 percent in FY 2005. As
the City's assessments increase, the tax rate needed to
generate the amount of revenue for the prior year decreases.
This Constant Yield Tax Rate would ensure that the City's tax
revenue would remain flat from FY 2004 to 2005.

In order to make real property tax bills simpler and easier to
understand, the General Assembly, under Chapter 80 of the
Acts of 2000, has required that property tax rates on real
property be based on a full (100%) cash value assessment
replacing the historical 40% of cash value.

The City of Gaithersburg is proposing a tax rate of \$.212
which will exceed the \$.199 Constant Yield Tax Rate,
therefore requiring a public hearing.

DESIRED OUTCOME:

Make Announcement that the Public Hearing for the
Constant Yield Tax will be held May 3, 2004.

**CITY OF GAITHERSBURG NOTICE
OF A PROPOSED
REAL PROPERTY TAX INCREASE**

The Mayor and City Council of the City of Gaithersburg proposes to increase real property taxes.

1. For the tax year beginning July 1, 2004, the estimated real property assessable base will increase by 6.5%, from \$5,034,529,435 to \$5,362,902,753.

2. If the City of Gaithersburg maintains the current tax rate of \$0.212 per \$100 of assessment, real property tax revenues will increase by 6.5%, resulting in \$696,151 of new real property tax revenues.

3. In order to fully offset the effect of increasing assessments, the real property tax rate should be reduced to \$0.199, the constant yield tax rate.

4. The City of Gaithersburg is considering not reducing its real property tax rate enough to fully offset increasing assessments. The City of Gaithersburg proposes to adopt a real property tax rate of \$0.212 per \$100 of assessment. This tax rate is 6.5% higher than the constant yield tax rate and will generate \$696,151 in additional property tax revenues.

A public hearing on the proposed real property tax increase will be held at 7:30 p.m., May 3, 2004, at City Hall, 31 South Summit Avenue, Gaithersburg, Maryland 20877.

The hearing is open to the public, and public testimony is encouraged.

Persons with questions regarding this hearing may call 301-258-6310 for further information.